

**MINNESOTA COUNTIES  
INSURANCE TRUST**



**JOINT POWERS AGREEMENT**

Revised: November, 1993

## MINNESOTA COUNTIES INSURANCE TRUST JOINT POWERS AGREEMENT

THIS AGREEMENT is made by and between the political subdivisions organized and existing under the Constitution and laws of the State of Minnesota, hereafter collectively referred to as "Members", and individually as "Member" which are parties signatory to this Agreement and listed in Appendix "A", which is attached hereto and made a part hereof. Members are sometimes referred to herein as "parties."

WHEREAS, Minnesota Statutes, Section 471.59 provides that two or more governmental units may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, Minnesota Statutes, Section 471.981 provides that two or more political subdivisions may by agreement establish a self-insurance pool; and

WHEREAS, political subdivisions may self-insure, purchase insurance through an authorized carrier, or any combination thereof; and

WHEREAS, the creation and operation of a joint self-insurance pool for political subdivisions is economically feasible and practical;

NOW THEREFORE in consideration of the mutual promises and agreements contained herein and subject to the provisions of Minnesota Statutes, Sections 471.59 and 471.981 and all other applicable statutes, rule and regulations, the parties hereto agree as follows:

### Article I Purpose

The members desire to establish a mechanism whereby the members may jointly exercise powers common to each participating member to:

- A. Develop and administer a risk management service program;
- B. Prevent or lessen the frequency and severity of losses occurring in the operation of member functions;
- C. Defend and protect, in accordance with this agreement, bylaws and coverage documents, and member against stated liability or loss;
- D. Provide a mechanism for the delivery of employee benefits including, but not limited to group health insurance, and
- E. Provide other similar or related services and programs as determined by the Board.

The powers and duties created herein and the activities and services jointly provided to each member shall not constitute the procurement of insurance or operation an insurance business, unless specifically stated by resolution of the Board.

It is further the intent of the members to establish procedures whereby additional qualifying members may be added to this Agreement and to establish a mechanism whereby additional and/or alternative programs and services may be developed for the benefit of the members.

## **Article II Name**

The name of this joint powers entity shall be the MINNESOTA COUNTIES INSURANCE TRUST, hereinafter sometimes referred to as the "Trust".

## **Article III Membership**

Membership in the Trust shall be open to any governmental unit or other political subdivision as set forth in M.S. 471.59 Subdivision 1, and M.S. 471.981 including but not limited to joint powers agencies, of the State of Minnesota that are deemed by the Board of Directors of the Trust to qualify for membership. The Board may impose such conditions on membership as it deems appropriate to protect the interest of the Trust and to provide for the benefit of its members; and such conditions as are required by the Agreement, the Bylaws or by applicable statutes, rules or regulations. The Board, at its discretion, may create classes, levels or types of membership within the Trust with differing member rights, privileges or obligations.

## **Article IV Board Of Directors**

There is hereby created a Board of Directors of the Trust, herein referred to as the "Board", which shall be empowered to oversee and administer the Trust. The Board shall be empowered to manage all the affairs of the Trust and do to all things necessary or convenient for the furtherance of the purposes of the Trust, including but not limited to: expending and receiving funds; entering into contracts, leases, and other agreements; renting, leasing, purchasing and otherwise procuring or receiving property real or personal; employing personnel either as employees or by contract; and employing consultants such as attorneys, auditors, accountants, risk managers, actuaries and others.

## **Article V Divisions**

The Board shall be empowered to create divisions with the Trust as needed for the separation of Trust Programs. The Board shall preside over and supervise the management, business and affairs of each division.

## **Article VI Bylaws & Operating Policies And Procedures**

The Board shall adopt Bylaws which shall provide for the operation and administration of the Trust. The Board may adopt Operating Policies and Procedures to direct and document the specific activities of the Trust.

## **Article VII Term Of Agreement/Termination**

This Agreement shall remain in effect until:

- A. Terminated by the mutual consent of the members;
- B. Suspended or superseded by a subsequent agreement between the members, or
- C. Terminated by operation of law.

### **Article VIII Withdrawal**

No members may withdraw from this Agreement, or any division of the Trust created pursuant to Article V, for a period of three (3) years after its initial entry into the Trust or division whichever is later. A members may, after the initial three years, withdraw from this Agreement, or any division of the Trust created pursuant to Article V, upon written notice to the Board according to the Bylaws applicable to the affected division or divisions. The withdrawal of a member shall not affect the continuance of the Trust or any division of the Trust by the remaining members. A member that withdraws shall remain jointly and severally liable for all debts, obligations and liabilities which were incurred on its behalf or by the Trust during the term of its membership. The liability of a member upon withdrawal shall be determined in accordance with the Bylaws and other applicable requirements. A member that ceases to qualify for participation in the Trust or terminated participation, shall have no right or claim to the reserves or other holdings of the Trust. The withdrawing member may be entitled to a share of the assets of the Trust only if deemed appropriate by the Board. The Board at its sole discretion may determine the nature and timing of any distribution of assets to a withdrawing member.

### **Article IX Assessments/Distributions**

The amount of any liabilities in excess of assets, in any division of MCIT, shall be assessed to the appropriate members of the Trust in a form, manner and amount as determined by the Board.

The Board may, at its discretion, determine that an assessment is necessary to insure the financial integrity of the Trust, to operate and maintain the Trust or to carry out other purposes of the Trust pursuant to this Agreement. Such assessments shall be in a form, manner and amount as determined by the Board.

In the event that the assets, in any division of the Trust, are determined to be more than sufficient to meet liabilities and maintain prudent reserves, such surplus assets may be returned to members; credited toward future annual payments or other wise utilized as determine by the Board.

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### **Article X Disposition Of Trust Property**

In the event that the Trust is terminated, any property or other assets acquired by the Board shall be distributed to the members in a manner to be determined by the Board. However, sufficient reserves shall be retained and maintained consistent with the Trust's obligations and known or foreseeable risks, under this Agreement, the Bylaws, and applicable laws or regulations.

### **Article XI Other Agreements**

This agreement replaces earlier joint powers agreements concerning the establishment and operation of the Trust. To the extent that previous agreements are inconsistent with the provisions of this agreement such earlier agreements are void. Entering into this agreement does not alter a member's initial entry date into the Trust or a division of the Trust for the purposes of calculating the minimum time necessary for withdrawal from the Trust or alter a member's obligations for participation under the terms of earlier agreements.